CREATING THE RESILIENT ORGANIZATION OF THE FUTURE (BUSINESS CONTINUITY)

SHRM VA State Retreat

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K·N·S Consulting

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DEFINITION OF
DISASTER OR CRISIS

"Any situation that threatens the integrity or reputation of a firm or business, usually brought on by adverse or negative media attention."

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"ORDINARY" CRISIS VULNERABILITY

Fire/Floods/ Bad Weather/ Natural Disasters

Tripledemic Outbreaks (loss of Employees)

Extended Power Outage

Cyber Issues/Data Breach/ Ransomware

Workplace Violence/ Terrorism

Death of Key Individual(s) in Your Firm

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Reasonable Foreseeability of Disasters

01 It is not a question of “IF”, but “WHEN”

02 Potential Violation of Ethical Rules

03 Potential Professional Negligence Liability

04 Potential loss of Revenue, Reputation & Clients

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Business Continuity
(Operational and Financial Resilience)

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Impacts of "Disasters" to Businesses

Lack of productivity from employers and staff

Supply Chain Interruptions

Delay of Services provided to both Clients/Customers and Firms

Increased Expenses for both Clients/Customers and Firms

Increased risk of data breaches, ransomware and phishing/hacking

Inability to work at home efficiently

Staffing changes in both employer and staff ranks

Hybrid working environment: Leaders and Staff not wanting to return to the office

Harm to Firm Reputation

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Resiliency for the Future – Office vs. Hybrid Work

Continuing to Protect and Care About Your Work Force

- Physical office guidelines and working with building management
- WFH concerns/decisions as to who can continue to work from home and how often
- Space planning with landlord. Do you continue to need space? What about “hoteling” concept?
- Awareness meetings for all leaders and staff dealing with “back in the office” expectations

Resiliency for the Future – Using Technology Tools

- Awareness of the importance and review all IT security policies and technology being used in business
- Technology is more critical to how well organizations meet client/customer expectations (76% understand the need but only 28% are prepared to address)
- 81% of corporate legal departments will require prospective law firms to make sure their technology is more productive and efficient (compared to 41% today) (e-discovery, client/law firm data portals, etc.)

** 2020 Wolters Kluwer survey*

Resiliency for the Future – Business Continuity

- Run business like a well-oiled business with a culture that encourages communication, openness, access and collaboration with clients/customers and all workforce
- Constantly review supply chain issues and implement vendor risk management program (be prepared)
- Plan for the next “downturn” now
- Think about overall risk level and risk tolerance for your organization (what level of risk will you accept?)

Resiliency for the Future –

Guidance for working with Clients/Customers

MANAGING AND WORKING WITH CLIENTS:

- Have a good understanding of client/customer industries
- Continue to offer to meet with clients/customers and listen to their needs. Are they financially sound?
- CROSS SELLING/CROSS TRAINING ACROSS ORGANIZATION
- Renegotiation of fees and the slow paying client/customer. Always be open to alternative fee arrangements.
- Ending a relationship with a client/customer who does not pay
- Start Firm Succession Planning NOW

Business Continuity Planning (Reputational Resilience)

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THE NEED FOR A COMPREHENSIVE
Business Continuity Plan For Any Disaster

01

Compliance issues (Client audits and RFP's)

02

Regulatory Requirements (Government or ISO/NIST certification)

03

New hardware or operating systems and applications that are in the Cloud (cyber/data breach concerns)

04

Facility and/ or personnel changes/moves /relocation (Physical security and vulnerability concerns)

05

Changes in voice/data networks (cyber/data breach concerns)

06

Changes in critical third-party vendors and suppliers (cyber/data breach concerns)

07

Tripledemic Planning

(Employee availability concerns)

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Essential Components of Business Continuity Plan

1. Risk Management Issues
2. Crisis Communication Systems
3. Business Impact Analysis
4. Disaster Recovery Plan in place for IT
5. Continuity of Business – work location option
6. Business Interruption Insurance Coverage
7. Written Business Continuity Plan
8. Crisis Management & Communications Teams
9. Testing Business Continuity Plans

Risk Management Issues

- **Past Disaster Situations**
- **Geographic Locations**
- **Internal Systems or Processes Failures**
- **Neighbor Disaster:** will your office be affected?

Crisis Communication Systems

(How You Operate/Communicate Becomes Your Own Disaster Plan)

Telephone Tree System

Toll-free emergency # all employees

Automated notification systems (reverse 911)

Password protected web page/ Dashboard

Test, Test, Test update all systems frequently

Using Social Media

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Resiliency for the Future – Business Continuity

Conduct Business Impact Analysis (BIA)

- Determine critical business processes within the organization (every business unit or department)
- Determine key critical/essential personnel and who needs to be in office vs working from home now and in the face of a disaster

Streamline administrative procedures based on results of Business Impact Analysis

Need Plan A, B and C in a Disaster

A

Work remotely from home

B

Work from another office or location

&

Temporary office facilities

C

Contract with disaster recovery provider (mobile units or alternate facilities)

Alternate Workspace Plans

Ultimate goal: providing continuing service to clients

Disaster Recovery For IT

- Ensure networks are backed up consistently and test backups
- Consider moving primary networks off-site and all applications to the Cloud
- Redundancy is important and knowledge of building IT/HVAC systems
- Cyber Security Protection – have intrusion and hacking detection programs in place. Have Data security policies DOCUMENTED and TEST OFTEN!

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Resiliency for the Future – Cybersecurity Awareness

- **Awareness of the importance of cybersecurity issues and security needed within businesses:**
  - Seven (7) law firms were victims of Maze and REvil hackers in 2020)
  - Data stolen included HIPPA consent forms and data from personal injury court cases
  - Lack of compliance with legislation (GDPR, CCPA and HIPPA) can result in severe financial penalties

Use of technology methods including secure firm servers, multi-factor authentication, encryption, EDR, no public Wi-Fi or personal only devices

THE NEED FOR A COMPREHENSIVE CYBER RESILIENCE PLAN

Resilience – An organization must take a holistic approach to understand and prioritize their own entity risk, implement risk management activities, and understand impacts for their own entity as well as those customers/clients to whom they provide services.

- Cyber incidents disrupt an organization's ability to continue to serve customers, meet regulatory requirements and continue to maintain customer confidence.

- Cyber incidents disrupt value creation by eroding public confidence and customer goodwill when personal information is disclosed.

- Understanding and identifying core processes and gaps in cyber resilience plans is critical. Gaps should be eliminated in order to promote cyber resilient processes.

- IT must move from a policing mindset to one that promotes an integrated, comprehensive cyber strategy, powered by people, processes, and technology to support cyber resilience cultural change

TRUST BUT VERIFY

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LONG BEFORE THE DAY YOU GET HACKED

- **Ensure critical organization documents are in the cloud and stored where they are easily accessible**
- **Most recent Air-Gapped Backup and Server image are stored in separate storage locations**
- **All Admin/IT passcodes/hints are in a private cloud account, accessible via smartphones.**
- **Emergency payroll plans and paper checks available if payroll needs to be handled manually**
- **Formal training** on information security/**Information Security reference cards** should be distributed to all users
- **Written internal Cyber Resilience plan** for data security should be part of Business Continuity Plan

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ASSESS VULNERABILITY OF YOUR DATA

- **Perform a Risk Assessment using NIST/ISO or other relevant standards**
- **Conduct independent vulnerability scans of your servers and workstations** at least monthly
- **Verify that software patches are current and applied** in a timely manner every month.
- **Force a restore of some random data set or file/folders** once a week.
- **Conduct a cyber audit** of your cyber insurance coverage
- **Have an understanding of Artificial Intelligence** and its benefits/vulnerabilities for your organization.

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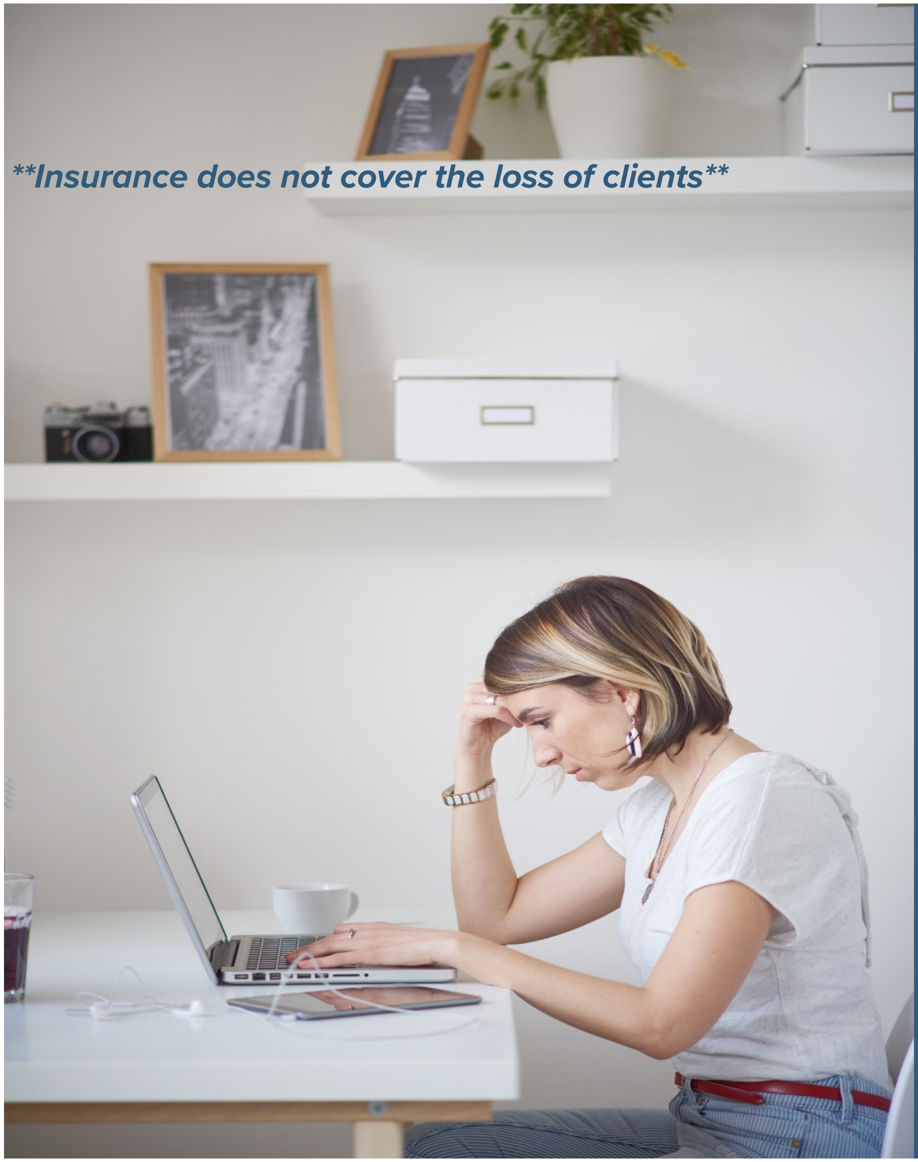
Business Interruption and Cyber Insurance

- Ensure organization has enough coverage if loss to physical property
- Determine how to calculate losses/extra expenses incurred
- Elimination period before coverage kicks in? Exclusions? (Pandemic exclusions?)
- Understand your Cyber Insurance policy (Cyber audit)
- Most policies exclude Pandemics and certain cyber issues



Insurance does not cover the loss of clients

VENDOR/BUSINESS PARTNER
RISK MANAGEMENT PROGRAM

Considerations for a Vendor/Business Partner Risk Management Program

- **How well are your cloud-based applications protected** by your vendor and their partners/vendors?
- **How would your company be impacted if your vendor's IT systems** are down for a period of time?
- **Could your vendor's behavior or lack of security** affect your company's reputation?
- **Does your vendor have access** to your organization's intellectual property or clients' data?

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Written BC Plan

- Well organized and easily communicated
- Contact information for all leaders and staff
- Vendor/business partner contact information
- Checklist format *(easy to use under stress)*
- Store written plan in easily accessible location
- Links to other critical information
- Always keep a written hard copy version
- Consider electronic version/app on phone

TRAINING/EDUCATION/AWARENESS

Consistent training for all employees and crisis team members (if you have a crisis team) is essential

Face-to-Face/ On-Line Training

Webinars

Actual Drills

Table-Top Exercises

Meetings

Phishing, Data breach & Malware Simulations

Exercises

ADVANTAGES AND ADVERSITIES OF ARTIFICIAL INTELLIGENCE

FOCUS ON AI FROM A RISK AND RESILIENCE PERSPECTIVE:

✓ **Benefits of Artificial Intelligence**

✓ **Misinformation**

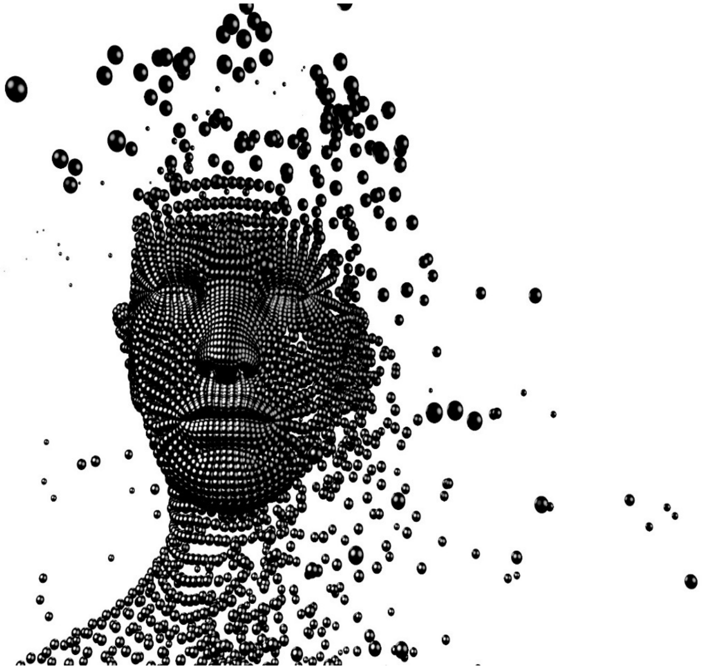
✓ **Deep Fakes**

✓ **Inadvertent Biases**

✓ **Ethical Considerations**

✓ **Evolving Regulatory Landscape**

- **EU - DORA**
- **Biden's Executive Order**



It is all about awareness and education

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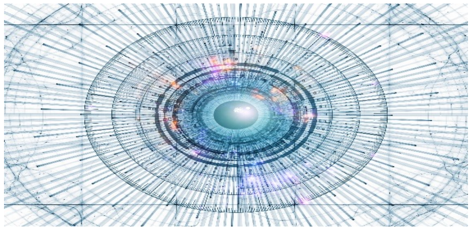
ADVANTAGES AND ADVERSITIES OF ARTIFICIAL INTELLIGENCE

FUTURE TRENDS:

1. **CYBERSECURITY is a top priority in all industries (75 – 82% of industry and technology audit leaders)**
2. **ARTIFICIAL INTELLIGENCE is currently an emerging risk with some significant gaps in organizational preparedness and internal audit proficiency**
3. **GROWING concern in the talent needed to understand the benefits and risks of Artificial Intelligence**



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KEYS TO SUCCESS AND BUSINESS RESILIENCE

- ➢ Leadership within the organization (Succession Planning)
- ➢ Communication, Flexibility, Transparency and pivot as necessary
- ➢ Preserve company culture and reputation
- ➢ Be known as a caring organization
- ➢ Conduct Business Impact Analysis
- ➢ Have a written Business Continuity Plan
- ➢ Ensure Data security at the highest level
- ➢ Plan ahead and be ready for the next Disaster

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